

**ABU DHABI NATIONAL OIL
COMPANY FOR DISTRIBUTION PJSC**

Review report and unaudited
interim condensed consolidated
financial information for the
three-month period ended 31 March 2021

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Review report and unaudited interim condensed consolidated financial information for the three-month period ended 31 March 2021

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ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Directors' report for the three-month period ended 31 March 2021

The Directors present their report together with the unaudited interim condensed consolidated financial information of Abu Dhabi National Oil Company for Distribution PJSC (the "Company") and its subsidiary (collectively referred to as "the Group") for the three-month period ended 31 March 2021.

Principal activities

The principal activities of the Group are the marketing of petroleum products, compressed natural gas and ancillary products.

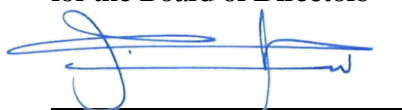
Review of business

During the period, the Group reported revenue of AED 4,282,147 thousand (31 March 2020: AED 4,939,489 thousand). Profit for the period was AED 630,735 thousand (31 March 2020: AED 399,517 thousand).

The appropriation of the results for the period is follows:

| | AED '000 |
|--|------------------|
| Retained earnings as at 1 January 2021 | 2,128,570 |
| Profit for the period | 630,735 |
| Dividends declared | (1,285,625) |
| Retained earnings as at 31 March 2021 | 1,473,680 |

for the Board of Directors



Chairman

9 May 2021
Abu Dhabi, UAE



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REPORT ON REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Introduction

We have reviewed the accompanying unaudited condensed consolidated interim statement of financial position of Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or “the Company”) and its subsidiary (collectively referred to as “the Group”) as at 31 March 2021 and the related unaudited condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this unaudited interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this unaudited interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 14 February 2021. The unaudited condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2020 were reviewed by another auditor who expressed an unmodified opinion on those condensed consolidated interim financial statements on 11 May 2020.

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
9 May 2021





Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of financial position
as at 31 March 2021

| | Notes | 31 March 2021 AED*000 (unaudited) | 31 December 2020 AED*000 (audited) |
|---|-------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 5,610,062 | 5,567,588 |
| Right-of-use assets | 8 | 664,285 | 547,374 |
| Advances to contractors | | 82,681 | 75,451 |
| Other non-current assets | 10 | 4,545 | 5,213 |
| Total non-current assets | | 6,361,573 | 6,195,626 |
| Current assets | | | |
| Inventories | 5 | 1,006,792 | 670,749 |
| Trade receivables and other current assets | 6 | 2,107,304 | 2,180,563 |
| Due from related parties | 7 | 621,609 | 567,893 |
| Term deposits | 9 | 130,000 | 644,150 |
| Cash and bank balances | 9 | 2,147,465 | 2,145,322 |
| Total current assets | | 6,013,170 | 6,208,677 |
| Total assets | | 12,374,743 | 12,404,303 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 1,000,000 | 1,000,000 |
| Statutory reserve | | 500,000 | 500,000 |
| Hedge reserve | | (132,456) | (151,471) |
| Retained earnings | | 1,473,680 | 2,128,570 |
| Total equity | | 2,841,224 | 3,477,099 |
| Non-current liabilities | | | |
| Lease liabilities | 8 | 579,014 | 447,055 |
| Long term debt | 10 | 5,495,841 | 5,494,597 |
| Derivative financial instruments | 12 | 60,433 | 80,149 |
| Provision for decommissioning | 13 | 121,247 | 120,193 |
| Provision for employees' end of service benefit | | 197,583 | 199,185 |
| Total non-current liabilities | | 6,454,118 | 6,341,179 |
| Current liabilities | | | |
| Lease liabilities | 8 | 9,664 | 28,147 |
| Trade and other payables | 11 | 1,655,351 | 1,590,189 |
| Due to related parties | 7 | 1,329,917 | 884,771 |
| Derivative financial instruments | 12 | 84,469 | 82,918 |
| Total current liabilities | | 3,079,401 | 2,586,025 |
| Total liabilities | | 9,533,519 | 8,927,204 |
| Total equity and liabilities | | 12,374,743 | 12,404,303 |

To the best of our knowledge, the financial information included in the report fairly present in all material respects the financial condition, result of operations and cash flows of the Group as of 31 March 2021, and for the periods presented in the report.


Mohamed Al Hashimi
 Chief Financial Officer


Ahmed Al Shamsi
 Acting Chief Executive Officer


Dr. Sultan Ahmed Al Jaber
 Chairman of the Board of Directors

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for
the three-month period ended 31 March 2021

| | Note | 3 months ended 31 March | |
|---|------|-------------------------|-----------------|
| | | 2021 AED'000 | 2020 AED'000 |
| Revenue | 14 | 4,282,147 | 4,939,489 |
| Direct costs | | (2,956,558) | (3,829,531) |
| Gross profit | | 1,325,589 | 1,109,958 |
| Distribution and administrative expenses | 15 | (672,970) | (699,634) |
| Other income | | 26,246 | 30,415 |
| Impairment losses and other operating expenses | | (7,306) | (19,372) |
| Operating profit | | 671,559 | 421,367 |
| Interest income | | 4,981 | 27,970 |
| Finance costs | | (45,805) | (49,820) |
| Profit for the period | | 630,735 | 399,517 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Fair value gain / (loss) on hedging instruments | | 19,015 | (71,910) |
| Total comprehensive income for the period | | 649,750 | 327,607 |
| Earnings per share: | | | |
| Basic and diluted | 16 | 0.050 | 0.032 |

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2021

| | Share capital AED'000 | Statutory reserve AED'000 | Hedge reserve AED'000 | Retained earnings AED'000 | Total AED'000 |
|--|-----------------------------|---------------------------------|-----------------------------|---------------------------------|------------------|
| Balance as at 1 January 2020 (restated) | 1,000,000 | 500,000 | (114,525) | 2,343,828 | 3,729,303 |
| Net profit for the period | - | - | - | 399,517 | 399,517 |
| Other comprehensive income for the period | - | - | (71,910) | - | (71,910) |
| Dividends declared (note 22) | - | - | - | (1,193,750) | (1,193,750) |
| Balance as at 31 March 2020 (unaudited) | 1,000,000 | 500,000 | (186,435) | 1,549,595 | 2,863,160 |
| Balance as at 1 January 2021 (audited) | 1,000,000 | 500,000 | (151,471) | 2,128,570 | 3,477,099 |
| Net profit for the period | - | - | - | 630,735 | 630,735 |
| Other comprehensive income for the period | - | - | 19,015 | - | 19,015 |
| Dividends declared (note 22) | - | - | - | (1,285,625) | (1,285,625) |
| Balance as at 31 March 2021 (unaudited) | 1,000,000 | 500,000 | (132,456) | 1,473,680 | 2,841,224 |

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Unaudited condensed consolidated statement of cash flows
for the three-month period ended 31 March 2021

| | 3 months ended 31 March | |
|--|--------------------------------|------------------|
| | 2021 AED'000 | 2020 AED'000 |
| Cash flows from operating activities | | |
| Profit for the period | 630,735 | 399,517 |
| <i>Adjustments for:</i> | | |
| Depreciation of property, plant and equipment | 137,348 | 131,697 |
| Depreciation of right-of-use assets | 7,704 | 3,031 |
| Recoveries on receivables | (10,898) | (3,205) |
| Impairment losses on receivables | 1,341 | 13,417 |
| Employees' end of service benefit charge | 6,292 | 6,078 |
| Gain on disposal of property, plant and equipment | (253) | - |
| Write down of finished goods to net realisable value | - | 37,231 |
| Impairment of property, plant and equipment | 1,403 | - |
| Inventories written off | 2,952 | 5,955 |
| Finance costs | 45,805 | 49,820 |
| Interest income | (4,981) | (27,970) |
| Operating cash flows before movements in working capital | 817,448 | 615,572 |
| (Increase)/decrease in inventories | (338,995) | 119,280 |
| Decrease in trade receivables and other current assets | 83,944 | 94,922 |
| Increase in due from related parties | (53,716) | (97,522) |
| Increase/(decrease) in trade and other payables | 135,406 | (120,850) |
| Increase in due to related parties | 445,146 | 151,209 |
| Cash generated from operating activities | 1,089,233 | 762,611 |
| Payment of employees' end of service benefit | (14,766) | (5,778) |
| Net cash generated from operating activities | 1,074,467 | 756,833 |
| Cash flows from investing activities | | |
| Payments for purchases of property, plant and equipment | (231,410) | (214,283) |
| Payments for advances to contractors | (8,314) | (9,916) |
| Proceeds from disposal of property, plant and equipment | 253 | - |
| Interest received | 3,851 | 26,583 |
| Decrease in term deposits | 514,150 | 1,265,500 |
| Net cash generated from investing activities | 278,530 | 1,067,884 |
| Cash flows from financing activities | | |
| Payment of lease liabilities | (18,181) | (6,240) |
| Dividends paid | (1,285,625) | - |
| Finance cost paid | (47,048) | (50,992) |
| Net cash used in financing activities | (1,350,854) | (57,232) |
| Net increase in cash and cash equivalents | 2,143 | 1,767,485 |
| Cash and cash equivalents at beginning of the period | 2,145,322 | 2,599,891 |
| Cash and cash equivalents at end of the period (note 9) | 2,147,465 | 4,367,376 |
| Non-cash transactions | | |
| Accruals for property, plant and equipment | 315,871 | 354,604 |
| Advances to contractors transferred to property, plant and equipment | 1,084 | 34,532 |
| Additions to right of use assets | 124,615 | 89,124 |

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information

Abu Dhabi National Oil Company for Distribution PSJC Financial Statements

Notes to the unaudited interim condensed consolidated financial information for the three-month period ended 31 March 2021

1 General information

Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or the “Company”), formerly Abu Dhabi National Oil Company for Distribution, is a company incorporated by Law No. 13 of 1973 issued by His Highness the Acting Ruler of the Emirate of Abu Dhabi.

On 22 November 2017, Law No. 15 of 2017 (the “New Law of Establishment”) was issued replacing Law No. 13 of 1973 in respect of the incorporation of Abu Dhabi National Oil Company for Distribution PJSC, a public joint stock company registered with the commercial register in Abu Dhabi under commercial licence number CN-1002757 issued by Abu Dhabi Department of Economic Development. The Articles of Association of the Company became effective as of 22 November 2017, at the same time that the New Law of Establishment was issued and became effective. The duration of the Company is 100 Gregorian years commencing on the date of issuance of the New Law of Establishment.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

The head office of the Company and its subsidiary, ADNOC Distribution Global Company L.L.C., (together referred to as the “Group”), is registered at P.O. Box 4188, Abu Dhabi, United Arab Emirates. The Group’s shares are listed on the Abu Dhabi Securities Exchange.

Pursuant to the resolution of Abu Dhabi National Oil Company (“ADNOC”, “Shareholder” or the “Parent Company”), as the sole shareholder of the Company, dated 28 June 2017, ADNOC approved the listing of all the Company’s shares on the Abu Dhabi Securities Exchange and the sale by way of offer to the public of part of the share capital of the Company held by ADNOC.

In September 2020, ADNOC completed a USD 1 billion institutional placement of 10% of ADNOC Distribution shares. The transaction has increased the free float of the Group on the Abu Dhabi Securities Exchange to 20%. The Parent Company currently retains 80% ownership of the Group.

The principal activities of the Group are the marketing of petroleum products, natural gas and ancillary products.

The Group owns retail fuel stations located in the emirates of Abu Dhabi and Sharjah, in each of which the Group is the sole fuel retailer, and in the emirates of Dubai, Ajman, Fujairah, Ras Al Khaimah, Umm Al Quwain and Kingdom of Saudi Arabia.

The Group operates “ADNOC Oasis” convenience stores at a majority of its service stations, and lease retail and other space to tenants, such as quick service restaurants.

The Group is also a marketer and distributor of fuels to corporate and government customers throughout the UAE. In addition, the Group provides refuelling and related services at eight airports in the UAE and provides a compressed natural gas distribution network in Abu Dhabi.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the three-month period ended 31 March 2021 (continued)

1 General information (continued)

Details of the Company's subsidiary are as follows:

| Name of Subsidiary | Ownership interest | | Country of incorporation | Principal activities |
|--|--------------------|------|--------------------------|---|
| | 2021 | 2020 | | |
| ADNOC Distribution Global Company LLC | 100% | 100% | U.A.E. | Commercial agencies, commercial enterprises, retail and distribution, investment, institution and management |

2 Application of new and revised International Financial Reporting Standards (IFRS)

There are no applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that are expected to have a material impact on the condensed consolidated financial information of the Group.

3 Summary of significant accounting policies

Basis of preparation

The financial statements of the Group for the year ending 31 December 2021 will be prepared in accordance with IFRSs, as issued by the International Accounting Standards Board (IASB). This unaudited interim condensed consolidated financial information for the three-month period ended 31 March 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB).

The unaudited interim condensed consolidated financial information is prepared in UAE Dirhams (AED), which is the Company's functional currency and the Group's presentation currency and all values are rounded to the nearest thousands (AED'000) except when otherwise indicated.

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020. In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. Where data is labelled as "audited" that indicates that the financial information has been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2020.

Basis of measurement

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention except derivative financial instruments that are measured at fair value.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

3 Summary of significant accounting policies (continued)

Changes in judgements and estimation uncertainty

The preparation of these unaudited interim condensed consolidated financial information, in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2020, except as detailed below.

In March 2020, the World Health Organization (WHO) declared a new strain of coronavirus (COVID-19) as a pandemic outbreak after finding the increase in exposure and infections across the world. To contain the outbreak in the United Arab Emirates, the government enforced restriction of movement for both people and goods including the closure of both inbound and outbound flights to and from the country.

The outbreak comes with unpredictable human and economic consequences and its evolution remains unknown at the date of the issuance of the financial statements. As the situation is rapidly evolving, the impact on the Group's activities and operations remains uncertain.

The Group regularly assesses the impact of COVID-19 on its operations, business continuity, liquidity and legal obligations. In the current period assessment, the Group expects, notwithstanding another outbreak of the pandemic, a continued recovery in consumption in the retail and non-retail fuel sector due to the easing of some of the restrictions that had been in place at the beginning of the pandemic.

The Group will continue to closely monitor the impact of COVID 19 and a prolonged continuation of the situation and/or another outbreak may lead to further provisions and/or impairment in future periods.

The Group has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the three-month period ended 31 March 2021 (continued)

4 Property, plant and equipment

| | AED'000 |
|----------------------------------|-------------------|
| Cost | |
| 1 January 2021 (audited) | 10,292,004 |
| Additions | 181,225 |
| Disposals | (2,942) |
| Impairments | (1,403) |
| 31 March 2021 (unaudited) | 10,468,884 |
| Accumulated depreciation | |
| 1 January 2021 (audited) | 4,724,416 |
| Charge for the period | 137,348 |
| Disposals | (2,942) |
| 31 March 2021 (unaudited) | 4,858,822 |
| Carrying amount | |
| 31 March 2021 (unaudited) | 5,610,062 |
| 31 December 2020 (audited) | 5,567,588 |

The cost includes contract work in progress balance amounting to AED 586,759 thousand as of 31 March 2021 (31 December 2020: AED 430,624 thousand).

5 Inventories

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Finished goods | 882,829 | 514,058 |
| Spare parts and consumables | 60,833 | 62,062 |
| Lubricants raw materials, consumables and work in progress | 21,729 | 62,623 |
| LPG cylinders | 59,822 | 50,427 |
| | 1,025,213 | 689,170 |
| Less: Allowance for write down of finished goods to net realisable value | (234) | (234) |
| Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders | (18,187) | (18,187) |
| | (18,421) | (18,421) |
| | 1,006,792 | 670,749 |

The Group is carrying finished goods of AED 45,636 thousand (31 December 2020: AED 103,819 thousand) on behalf of a customer as at 31 March 2021.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the three-month period ended 31 March 2021 (continued)

6 Trade receivables and other current assets

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Trade receivables | 1,898,276 | 2,014,391 |
| Less: Allowance for expected credit losses | (41,205) | (50,762) |
| | <u>1,857,071</u> | <u>1,963,629</u> |
| Prepaid expenses | 15,105 | 17,625 |
| Receivable from employees | 104,176 | 101,537 |
| VAT receivables | 2,530 | 1,182 |
| Other receivables | 128,422 | 96,590 |
| | <u>2,107,304</u> | <u>2,180,563</u> |

Movement in the allowance for expected credit losses is as follows:

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--------------------------------------|--|---|
| Opening balance | 50,762 | 9,154 |
| Charge for the period/year | 1,341 | 70,352 |
| Recovery made during the period/year | (10,898) | (28,744) |
| Closing balance | <u>41,205</u> | <u>50,762</u> |

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the three-month period ended 31 March 2021 (continued)

7 Related party balances and transactions

Related parties represent the Parent Company and its subsidiaries, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Due from related parties | | |
| ADNOC Drilling | 229,855 | 169,799 |
| Abu Dhabi National Oil Company (ADNOC) | 151,646 | 110,384 |
| ADNOC Logistics and Services | 96,221 | 134,093 |
| ADNOC Offshore | 66,573 | 84,803 |
| ADNOC Onshore | 57,301 | 49,027 |
| ADNOC Sour Gas | 4,216 | 3,156 |
| ADNOC Gas Processing | 2,065 | 3,501 |
| Others | 13,732 | 13,130 |
| | 621,609 | 567,893 |
| Due to related parties | | |
| Abu Dhabi National Oil Company (ADNOC) | 1,316,721 | 872,766 |
| ADNOC Logistics and Services | 10,699 | 10,178 |
| ADNOC Refining | 2,342 | 1,420 |
| Others | 155 | 407 |
| | 1,329,917 | 884,771 |

The amounts due from related parties are against the provision of petroleum products and services. These balances are not secured, bear no interest and have an average credit period of 30-60 days.

The amounts due to related parties are outstanding against purchases of petroleum products, vessel hires and port charges and administrative charges. The above balances are unsecured, bear no interest and are payable on demand.

The Group has an amount of AED 2,122,979 thousand (31 December 2020: AED 2,768,689 thousand) held with banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the three-month period ended 31 March 2021 (continued)

7 Related party balances and transactions (continued)

The Group has a term loan amounting to AED 5,276,563 thousand (31 December 2020: AED 5,276,563 thousand) from banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

The following transactions were carried out with related parties during the period:

| | 3 months ended 31 March | |
|-----------------------|--------------------------------|----------------|
| | (unaudited) | |
| | 2021 | 2020 |
| | AED'000 | AED'000 |
| Revenue - ADNOC group | 204,843 | 126,104 |
| Purchases – ADNOC | 3,120,388 | 3,378,126 |

The Group has elected to use the exemption under IAS 24 *Related Party Disclosures* for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi other than the Parent Company and entities it owns and controls.

The Group provides in the normal course of business petroleum distribution services to entities owned and controlled by the Government of Abu Dhabi.

8 Right-of-use assets and lease liabilities

Right-of-use assets

| | 31 March | 31 December |
|---|--------------------|-------------|
| | 2021 | 2020 |
| | AED'000 | AED'000 |
| | (unaudited) | (audited) |
| Opening balance | 547,374 | 207,700 |
| Additions related to land lease | 124,615 | 330,837 |
| Additions to decommissioning | - | 4,567 |
| Change in estimate of decommissioning (note 13) | - | 23,463 |
| Depreciation charge during the period | (7,704) | (19,193) |
| Closing balance | 664,285 | 547,374 |

Abu Dhabi National Oil Company for Distribution PSJC
Financial Statements

Notes to the unaudited interim condensed consolidated financial information
for the three-month period ended 31 March 2021 (continued)

8 Right-of-use assets and lease liabilities (continued)

Lease liabilities

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|------------------------|--|---|
| Opening balance | 475,202 | 154,215 |
| Additions | 124,615 | 330,837 |
| Accretion of interest | 7,042 | 20,219 |
| Payments | (18,181) | (30,069) |
| Closing balance | 588,678 | 475,202 |

| | Current | | Non-current | |
|-------------------|--|---|--|---|
| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED 000 (audited) | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED 000 (audited) |
| Lease liabilities | 9,664 | 28,147 | 579,014 | 447,055 |

9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of the following amounts:

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Cash on hand and in bank | 2,147,465 | 2,145,322 |
| Cash and bank balances | 2,147,465 | 2,145,322 |
| Term deposit with maturities above 3 months | 130,000 | 644,150 |

Cash held by ADNOC are funds held by ADNOC on behalf of the Group and are available on demand. These funds as approved by both parties are non-interest bearing.

Term and call deposits carry interest rate ranging from 0.03% to 0.70% (31 December 2020: 0.05% to 2.80%) per annum.

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10 Long term debt

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|-----------|--|---|
| Term loan | 5,495,841 | 5,494,597 |

On 16 October 2017, ADNOC Distribution signed a mandate letter (the “Mandate Letter”) with a consortium of banks where the consortium agreed to underwrite a 5 year, USD 2,250,000 thousand (AED 8,263,130 thousand) unsecured credit facility (the “Facility”). The Facility is bifurcated further into a term facility commitment of USD 1,500,000 thousand (AED 5,508,750 thousand) and a revolving facility commitment of USD 750,000 thousand (AED 2,754,380 thousand). The purpose of the facility is for general corporate and working capital purposes including payment of dividend, repayment of debt and payment of transaction costs associated with the facility. There are no financial covenants included in the facility documents.

The transaction costs allocated to the revolving facility have been capitalised and will be amortised on effective interest rate basis over the term of the agreement. Unamortised transaction costs amounting to AED 4,545 thousand as at 31 March 2021 (31 December 2020: AED 5,213 thousand) are presented as other non-current asset in the unaudited interim condensed consolidated financial information.

On 16 November 2017, the Group made a drawdown amounting to USD 375,000 thousand and AED 4,128,750 thousand. The Facility carries variable interest at USD LIBOR plus a margin of 0.875% for USD denominated facility portion and EIBOR plus a margin of 0.60% for AED denominated facility portion. The term facility is to be repaid at final maturity which is 5 years from the date of the facility agreement.

Update on prospective changes in reference rates (IBOR)

The impact of the replacement of interbank offered rates (“IBORs”) with alternative risk-free rates on the Group’s investments and liabilities remains a key area of focus. The Group’s exposure to contracts referencing IBORs, such as LIBOR and EIBOR, extending past 2021 is not considered material when it is likely that these IBORs will cease being published. The management will continue to benchmark long-term debt contracts referencing EIBOR, however, management plans to introduce a new index for the AED contracts as per the new Dirham Monetary Framework in later part of the year 2021. For the LIBOR denominated contracts, the relevant reference rate will be SOFR Secured Overnight Financing Rate and management is consistently monitoring the related changes and the impact it might have on the Group’s operations. The transition to the new Dirham Monetary Framework and SOFR is significant in terms of scale and complexity, however, the process of adopting new reference rates does not expose the Group to any operational and financial risks resulting from contract modifications. The Group will continue to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

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11 Trade and other payables

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Trade payables | 628,081 | 544,097 |
| Capital accruals | 315,871 | 367,140 |
| Operating accruals | 212,884 | 182,587 |
| VAT payable | 159,948 | 158,827 |
| Coupon and prepaid card sales outstanding | 98,594 | 99,470 |
| Contract retentions payable | 52,708 | 60,208 |
| Advances from customers | 41,107 | 35,345 |
| Other payables | 146,158 | 142,515 |
| | 1,655,351 | 1,590,189 |

12 Derivative financial instruments

In 2019, the Group entered into floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating interest rates payable on the term loans, with all critical terms matching. These derivative contracts have been designated as cash flow hedges under IFRS 9.

As at 31 March 2021, the fair value of the derivative financial instruments was as follows:

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|-------------------------|--|---|
| Current liabilities | 84,469 | 82,918 |
| Non-current liabilities | 60,433 | 80,149 |
| | 144,902 | 163,067 |

The Group has categorised the derivative financial instruments into the Level 2 hierarchy for the purpose of determining and disclosing the fair value of financial instruments. There were no transfers between the hierarchy noted during the period ended 31 March 2021 and the year ended 31 December 2020.

- Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

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13 Provision for decommissioning

The provision for decommissioning obligation is with respect to the dismantling obligation regarding the service stations built on leased lands in Dubai and Northern Emirates.

| | 31 March 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|-----------------------------|--|---|
| Opening balance | 120,193 | 87,949 |
| Additions during the period | - | 4,567 |
| Change in estimate | - | 23,463 |
| Unwinding of discount | 1,054 | 4,214 |
| Closing balance | 121,247 | 120,193 |

14 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major lines of business. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (note 17):

| | 31 March 2021 AED'000 (unaudited) | 31 March 2020 AED'000 (unaudited) |
|------------------|--|--|
| Retail (B2C) | | |
| • Fuel | 2,720,506 | 3,185,137 |
| • Non-fuel | 226,054 | 260,422 |
| Commercial (B2B) | | |
| • Corporate | 1,048,677 | 1,050,685 |
| • Aviation | 286,910 | 443,245 |
| | 4,282,147 | 4,939,489 |

15 Distribution and administrative expenses

| | 31 March 2021 AED'000 (unaudited) | 31 March 2020 AED'000 (unaudited) |
|--------------------------------------|--|--|
| Staff costs | 363,951 | 404,895 |
| Depreciation | 145,052 | 134,728 |
| Utilities | 53,823 | 43,031 |
| Repairs, maintenance and consumables | 43,003 | 41,909 |
| Distribution and marketing expenses | 18,539 | 19,059 |
| Insurance | 2,302 | 3,200 |
| Others | 46,300 | 52,812 |
| | 672,970 | 699,634 |

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16 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of share outstanding during the period.

| | 3 months ended 31 March | |
|---|--------------------------------|-------------|
| | (unaudited) | |
| | 2021 | 2020 |
| Profit attributable to owners of the Company (AED '000) | 630,735 | 399,517 |
| Weighted average number of shares in issue ('000) | 12,500,000 | 12,500,000 |
| Earnings per share | 0.050 | 0.032 |

There are no dilutive securities therefore diluted EPS is the same as basic EPS.

17 Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance. Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities is reported to the Board of Directors.

Effective from 2020, the CODM has approved the use of the new segment reporting structure. The new structure aligns the segmentation of the management's categorisation of the Group's customers into Commercial (B2B) and Retail (B2C) categories.

- Commercial (B2B) segment, which involves sale of petroleum products and ancillary products to commercial and government customers, the provision of aviation fuel and fuelling services to strategic customers, and the provision of fuelling services to the Parent Company civil aviation customers.
- Retail (B2C) segment, which involves sale of gasoline and petroleum products, convenience store sales, car wash and other car care services, oil change services, vehicle inspection services and property leasing and management through the retail sites.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at the rates determined by management taking into consideration the cost of funds.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenues, profit, assets and liabilities is given to the chief operating decision maker.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous period. Operating profit is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

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17 Segment reporting (continued)

Information regarding the new segment structure are as follows:

| | Commercial (B2B) AED'000 | Retail (B2C) AED'000 | Unallocated AED'000 | Total AED'000 |
|--|-----------------------------|-------------------------|------------------------|------------------|
| 31 March 2021 (unaudited) | | | | |
| Revenue | 1,335,587 | 2,946,560 | - | 4,282,147 |
| Direct costs | (934,358) | (2,022,191) | (9) | (2,956,558) |
| Gross profit | 401,229 | 924,369 | (9) | 1,325,589 |
| Distribution and administrative expenses | (139,419) | (533,551) | - | (672,970) |
| Other income | (529) | (812) | (5,965) | (7,306) |
| Impairment losses and other operating expenses | 8,641 | 16,865 | 740 | 26,246 |
| Operating profit | 269,922 | 406,871 | (5,234) | 671,559 |
| Interest income | | | | 4,981 |
| Finance costs | | | | (45,805) |
| Profit/ for the period | | | | 630,735 |
| 31 March 2020 (unaudited) | | | | |
| Revenue | 1,493,930 | 3,445,559 | - | 4,939,489 |
| Direct costs | (1,223,751) | (2,605,780) | - | (3,829,531) |
| Gross profit | 270,179 | 839,779 | - | 1,109,958 |
| Distribution and administrative expenses | (145,539) | (554,060) | (35) | (699,634) |
| Other income | 5,578 | 21,801 | 3,036 | 30,415 |
| Impairment losses and other operating expenses | (7,933) | (5,483) | (5,956) | (19,372) |
| Operating profit | 122,285 | 302,037 | (2,955) | 421,367 |
| Interest income | | | | 27,970 |
| Finance costs | | | | (49,820) |
| Profit for the period | | | | 399,517 |

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17 Segment reporting (continued)

Unallocated income consists mainly of gain on sale of property, plant and equipment, insurance recovery and other miscellaneous income.

18 Contingencies and litigation

As at 31 March 2021, the Group had contingent liabilities amounting to AED 3,402,095 (31 December 2020: AED 3,402,095) in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's financial statements if concluded unfavourably.

19 Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited annual financial statements of the Group as at and for the year ended 31 December 2020.

20 Commitments

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 567,317 thousand (31 December 2020: AED 638,588 thousand).

21 Seasonality of results

There is no material impact of seasonality on the Group's operating results.

22 Dividends

The Board of Directors approved a final dividend of 9.55 fils per share to the shareholders in respect of the year ended 31 December 2019. The dividend comprised of AED 1,193,750 thousand, which was approved at the General Assembly Meeting held on 31 March 2020 and paid on 2 April 2020.

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2020. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 16 March 2021 and paid on 20 March 2021.

23 Approval of the unaudited interim condensed consolidated financial information

The unaudited interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 9 May 2021.